

Message Text

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ACTION EA-09

INFO OCT-01 ISO-00 ONY-00 SS-15 /025 W

-----171522Z 081831 /46 R

R 170928Z MAR 77

FM AMEMBASSY MANILA

TO SECSTATE WASHDC 7283

LIMITED OFFICIAL USE SECTION 1 OF 2 MANILA 3985

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1. DEPARTMENT, IN LETTER DATED FEBRUARY 28 TO CHAIRMAN, COMMITTEE ON VETERAN'S AFFAIRS, HOUSE OF REPRESENTATIVES, GIVES UNQUALIFIED ENDORSEMENT TO H.R. 2860, A BILL THAT INTER ALIA WOULD AUTHORIZE THE CONTINUED MAINTENANCE OF A VETERAN'S ADMINISTRATION REGIONAL OFFICE IN THE REPUBLIC OF THE PHILIPPINES THROUGH SEPTEMBER 30, 1983.

2. THE DEPARTMENT'S LETTER MAKES THE QUESTIONABLE CASE THAT CONTINUED OPERATION OF THE VETERAN'S ADMINISTRATION REGIONAL OFFICE IS A MEASURE OF THE U.S. COMMITMENT TO ITS OBLIGATIONS TO VETERANS IN THE PHILIPPINES AND, PRESUMABLY, THAT TO RATIONALIZE THE BUREAUCRATIC MANAGEMENT OF VETERAN'S PROGRAMS AT THIS TIME WOULD BE INAPPROPRIATE AND ILL-ADVISED ON HIGHER POLICY GROUNDS.

3. FOR WELL OVER A YEAR, THE AMBASSADOR HAS ARGUED ON POLICY AND OPERATIONAL GROUNDS FOR REDUCED U.S. OFFICIAL PRESENCE IN MANILA, INCLUDING PHASING OUT THE VETERAN'S ADMINISTRATION REGIONAL OFFICE AND INCORPORATING RESIDUAL STAFF AND FUNCTIONS WITHIN THE EMBASSY ALONG LINES OF OTHER COUNTRIES WHERE WE HAVE LARGE U.S. VETERAN'S BENEFITS PROGRAMS. THUS:

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A. 76 MANILA 0471: QUOTE - VETERAN'S ADMINISTRATION IN MANILA HAS ITS ONLY FULL FIELD OFFICE OUTSIDE THE U.S. THIS HAS GROWN TO SERVE THE LARGE NUMBER OF FILIPINOS, AMERICAN RETIREES AND DEPENDENTS WHO ARE ENTITLED TO PENSION, DISABILITY OR EDUCATIONAL ALLOWANCES IN THE PHILIPPINES. A RELATED ACTIVITY IS SUPPORT OF THE VETERANS

HOSPITAL. THESE FUNCTIONS TOGETHER NOW EMPLOY 15 AMERICANS AND 275 LOCALS. RECOMMENDATION: I BELIEVE THAT WITHIN TWO FISCAL YEARS WE SHOULD REDUCE VA TO A MAXIMUM OF 100 PEOPLE, INCLUDING ONLY 3 AMERICANS. WE CAN ACCOMPLISH THIS:

(A) BY VIRTURE OF THE DECLINE IN NUMBER OF PERSONS ELIGIBLE FOR EDUCATIONAL BENEFITS TO LEVELS WHICH COULD READILY BE MANAGED FROM U.S. HEADQUARTERS; (B) BY MOVING THE GREAT BULK OF VA FILES BACK TO THE U.S.---ABOUT 70 PERCENT ARE INACTIVE AND DISALLOWED CASES; (C) BY UTILIZING WASHINGTON OR OTHER STATESIDE OFFICES TO PROCESS CLAIMS--ALL CLAIMS OUTSIDE THE U.S., EXCEPT THE PHILIPPINES, ARE NOW HANDLED IN THIS WAY; (D) BY MAKING ALL PAYMENTS THROUGH A STATESIDE FACILITY; AND (E) BY FOLDING ALL VA SUPPLY AND SUPPORT FUNCTIONS INTO STATE/SHARED ADMINISTRATION. THESE CHANGES, I AM CONFIDENT, CAN BE ACHIEVED BY JUNE 1978. END QUOTE

B. STULL LETTER OF MAY 28, 1976 TO SCARRITT ENCLOSING STUDY DATED SEPTEMBER 29, 1975 FROM THE THEN VA MANILA REGIONAL OFFICE DIRECTOR. QUOTE - IN SUMMATION, IT APPEARS TO THIS OFFICE THAT THE TYPE OF WORKLOAD HERE AT PRESENT, AND THAT WHICH CAN BE LOGICALLY FORECAST FOR THE FUTURE, WARRANTS CONSIDERATION OF REDUCING THIS REGIONAL OFFICE AFTER JUNE 30, 1978 TO THE FUNCTIONS NOW PERFORMED BY THE VETERANS SERVICES DIVISION AND A VERY SMALL LIMITED OFFICIAL USE

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COMPLEMENT TO PERFORM PAYMENT INQUIRY REVIEW AND CORRECTION AND AUDITING OF FEE BASIS AND OTHER PAYMENT VOUCHERS. END QUOTE.

C. 77 MANILA 3128: QUOTE - U.S. PRESENCE - THE PHILIPPINES REMAINS A CONGENIAL PLACE FOR AMERICANS TO WORK AND AN ATTRACTIVE LOCATION FOR REGIONAL ACTIVITIES. EXCLUSIVE OF THE BASES, WITH ALMOST 40,000 AMERICAN PRINCIPALS AND DEPENDENTS, THERE ARE OVER 500 OFFICIAL AMERICANS,

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INFO OCT-01 ISO-00 ONY-00 SS-15 /025 W
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PLUS 350 PEACE CORPS VOLUNTEERS, AND 750 DEPENDENTS.
MANY UNUSUAL OFFICIAL FUNCTIONS ARE REQUIRED
BY LAW OR RESULT FROM HIGHLY RESILIENT ASPECTS OF
THE SPECIAL RELATIONSHIP. NEVERTHELESS, IF WE
MEAN BUSINESS ABOUT WORKING TOWARD A MORE RATIONAL
RELATIONSHIP, IS HIGHLY DESIRABLE THAT WE TRIM
OUR OFFICIAL PRESENCE. LEANER OPERATIONS WOULD
CONSERVE USG RESOURCES AND WOULD ENHANCE OUR IMAGE,
PERFORMANCE AND MORALE, AS WELL AS OUR RELATIONS.
AS A STARTER THERE IS A CONTINUING NEED TO IMPLEMENT
THE STAFF REDUCTIONS TALLING 20 PERCENT PROPOSED
IN MANILA 0471 OF JANUARY 9, 1976. END QUOTE.

D. 77 MANILA 3310 ELABORATING EMBASSY POSITION
AND CONCLUDING THAT: QUOTE - OVER ONE YEAR
AFTER OUR ORIGINAL STAFF REDUCTION RECOMMENDATIONS
MADE IN RESPONSE TO SPIRAL WASHINGTON REQUEST, THE
DEPARTMENT APPEARS STILL TO DEFINE ITS ROLE
ESSENTIALLY AS A LETTERDROP FOR LONG DISTANCE DEBATE
BETWEEN VA WASHINGTON AND THIS EMBASSY. SUCH A
BUREAUCRATIC CONTEST IS NOT ONLY UNEQUAL BUT THUS
FAR AT LEAST LARGELY MEANINGLESS. IF THE DEPARTMENT
MEANS BUSINESS, IT WILL HAVE TO GO BEYOND THAT
MINIMAL ROLE AND EXERCISE SOME ZERO BASE BUDGETARY
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LEADERSHIP. WE ALREADY HAVE EXPLAINED IN REFS (A)
AND (B) -- MANILA 3128 AND MANILA 0471 -- THE
POLICY REASONS WHY WE THINK VA STAFF REDUCTIONS HERE
ARE IMPORTANT. AND WE EVEN HAVE GIVEN THE DEPARTMENT
A SUPPORTING ANALYSIS FROM WITHIN THE VA REGIONAL
OFFICE. PERHAPS THERE SHOULD BE AN INDEPENDENT
MANAGEMENT STUDY...END QUOTE.

4. WE ARE TAKEN ABACK BY THE DEPARTMENT'S CATEGORICAL
ENDORSEMENT OF A LEGISLATIVE NEW LEASE ON LIFE FOR
VA REGIONAL OFFICE, WITHOUT A WORD OF CONSULTATION
WITH US AND WITHOUT, AS FAR AS WE KNOW, UTILIZING
THE OPPORTUNITY OF THE COMMITTEE CHAIRMAN'S REQUEST
TO NEGOTIATE A MORE FORTHCOMING RESPONSE FROM THE
VA. ARE WE TO UNDERSTAND THAT THE DEPARTMENT HAS
ABANDONED THE FIGHT AND PRESUMABLY WISHES US TO DO
LIKEWISE? PLEASE ADVISE.
SULLIVAN

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Message Attributes

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Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
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Concepts: n/a
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Decaption Date: 22 May 2009
Decaption Note: 25 YEAR REVIEW
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Disposition Approved on Date:
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Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: n/a
Expiration:
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Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009